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Reagan Said to Have Signed Order Seeking Rapprochement With Iran

Sources Say CIA and Others Are Carrying Out Policy Issued Earlier This Year

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WASHINGTON—President Reagan earlier this year signed a secret presidential directive ordering the U.S. government to seek a rapprochement with Iran, according to current and former U.S. officials who helped plan and execute the policy.

The covert U.S. efforts to carry out the directive are being conducted by officials from the Central Intelligence Agency and other U.S. intelligence services, as well as by a small group of White House aides, these officials assert.

Under the policy the president also approved Israeli shipments of American-made arms to Iran, in part to win the release of hostages held by Iranian sympathizers in Lebanon, the officials said. The covert efforts are continuing despite the fact that some of them have been disclosed in the Mideast and the U.S. press, severely embarrassing the U.S. and taking its allies by surprise.

As the secret diplomacy has been disclosed in bits and pieces, it has sometimes appeared to be an ad hoc operation conducted by only a few people. But officials involved claim that the program emerged from a formal, though secret, shift in U.S. foreign policy emanating from the president's desk and carried out by the full intelligence apparatus at his command.

Secret Policy Raises Questions

The secret policy already has damaged the administration, and it raises questions about whether the White House violated U.S. laws by allowing arms to flow to Iran and by failing to inform Congress at the outset of its covert activities. The U.S. has been caught negotiating with and helping to arm a fervently anti-American regime that has been condemned for supporting terrorism and that Washington has been pressing other countries to isolate.

Since the policy was adopted, three American hostages have been released by terrorists loyal to Iran in Lebanon. But new hostages have been seized and the Iranians have reneged on understandings to free other hostages, while taking the American-made military gear. Last May, former national security adviser Robert McFarlane and a current White House aide, Lt. Col. Oliver North, personally accompanied a plane load of military equipment to Tehran but got nothing in return.

Mr. Reagan's secret diplomacy is the most stunning shift in U.S. policy toward a hostile nation since the Nixon administration secretly began pursuing a rapprochement with China in 1969. According to the officials who planned and executed it, the covert policy is intended to free American and other hostages in Lebanon, to begin a "strategic dialogue" between the U.S. and Iran, and to head off growing Soviet attempts to gain influence in Iran.

"The U.S. purpose from the beginning was to engender a process that might lead to an improvement in relations with Iran in ways that are compatible with our obligations to others in the region," Mr. McFarlane said yesterday. "Such a process could not proceed without the prior release of the U.S. hostages."

But the covert diplomacy violates both the administration's passionately stated policy of refusing to negotiate with terrorists and Washington's efforts to stanch the flow of arms to Iran. It has damaged U.S. relations with some moderate Arab states and with America's European allies and raised embarrassing questions about the policies and practices of Ronald Reagan's National Security Council.

Hearings Planned

One issue is whether the administration violated a 1980 law designed to ensure congressional oversight of covert intelligence operations. Several congressional committees plan hearings on the secret program. Rep. Dave McCurdy (D., Okla.), a member of the House Intelligence Committee, said yesterday that he didn't recall any administration briefing for the intelligence panel on U.S. activities concerning Iran. "The first time I heard of any of the Iran dealings was when I read it in the press," he said.

Yesterday, nearly a week after an Iranian official disclosed Mr. McFarlane's secret visit to Tehran in May, congressional leaders were hastily called to the White House for a two-hour briefing on what an administration official called "recent developments in U.S.-Iran relations." Sen. Robert Dole (R., Kan.), Sen. Robert Byrd (D., W.Va.), Rep. Jim Wright (D., Texas) and Rep. Richard Cheney (R., Wyo.) attended the meeting, which included Mr. Reagan, Vice President George Bush, Secretary of State George Shultz, Secretary of Defense Caspar Weinberger, Attorney General Edwin Meese, CIA director William Casey, National Security Advisor John Poindexter, and White House Chief of Staff Donald Regan. But the congressional leaders wouldn't discuss the meeting. "He's (Mr. Dole) been real tight-lipped about it," said Dole spokeswoman Dale Tate.

After the session, Mr. Byrd, who has been critical of the idea of trading arms for hostages and of the administration for circumventing Congress in the operation, said: "My mind has not been changed."

One participant in the secret program concedes that the administration made "an error in judgment" by trying to negotiate the opening of a U.S.-Iranian political dialogue "concurrently with the release of the hostages."

Mr. McFarlane hoped to advance both causes on his May trip to Tehran. But the Iranians took the military hardware on Mr. McFarlane's plane, refused to let him see top Iranian leaders, and said they couldn't arrange the release of American hostages, according to sources who were present during the incident. The Iranians then tried to bid up the price of the hostages by hinting that the Americans might be set free if the U.S. persuaded Kuwait to release 17 convicted terrorists and if Israel withdrew completely from southern Lebanon, the sources said.

The Iranian ambassador to the United Nations, Saeed Rajai-Khorasani, said in New York yesterday that Mr. McFarlane's May visit was "an overture to reestablish talks with Iran" and that it had "nothing to do with the hostages." The envoy confirmed that Iran was receiving U.S.-made weapons but said that "we didn't have any arms deal or any other kind of deal with regard to the release of the hostages with the United States or anyone else."

The ambassador said American weapons were reaching Iran either as part of transactions made directly with arms traders or possibly as fulfillment of previously signed contracts between the U.S. and the late Shah of Iran. But he refused to clarify whether these deliveries reflect recent agreements between the two countries. He suggested however, that if the U.S. were to release vast quantities of spare parts and arms paid for by the previous regime, a "favorable atmosphere" may develop that may facilitate the hostages' release.

The secret U.S. contacts with Iran that led to Mr. McFarlane's May mission began last year, when officials in the National Security Council staff became increasingly frustrated by Syria's inability to win the

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release of the hostages in Lebanon and alarmed by Iran's growing dependence on Soviet-bloc arms, policy participants said.

Although U.S. intelligence on Iran was generally skimpy, White House officials believed the Soviets were undertaking a major military buildup on the Iranian border, partially camouflaged by movements of Soviet troops in and out of neighboring Afghanistan. And, U.S. officials claim, that the KGB, the Soviet intelligence agency, was intensifying its activities within Iran.

The plight of the hostages and growing White House fears about Soviet moves in the region provided the motives for secretly reversing U.S. policy toward Iran. Israel provided an opportunity.

David Kimche, then the Director-General of the Israeli Foreign Ministry, met with Mr. McFarlane in Washington late in the summer of 1985 and stressed the need for improved U.S. relations with Iran. Other participants in the discussions say Mr. Kimche suggested that Mr. McFarlane contact an Iranian named Manucher Ghorbanifar, who he said had "channels" to the Ayatollah Khomeini's designated successor, Ayatollah Hussein Ali Montazeri, and to Iranian Prime Minister Mir Hussein Musavi.

But Mr. Kimche warned Mr. McFarlane that the Iranians would need some evidence of American good faith and suggested that the U.S. might provide spare parts that Iran needs in its war against Iraq.

When Mr. McFarlane said the U.S. couldn't do that, Mr. Kimche, the sources say, asked if the U.S. would continue to sell arms to Israel if the Israelis shipped some weapons to Iran. Mr. McFarlane, according to this account, said the U.S. wouldn't provide Israel with arms to replace shipments to Iran but added that the U.S. would continue its military support to Israel.

After a meeting with his top national security advisers, including Secretaries Shultz and Weinberger, Mr. Reagan assigned Mr. McFarlane and Lt. Col. North to secretly pursue the effort to open a political dialogue with Iran. Messrs. Shultz and Weinberger approved a political opening to Iran but opposed any arms transfers, according to one official at that White House meeting.

What Was Discussed

The administration's contacts with the Iranians eventually led to a one-hour meeting in London last December between Messrs. McFarlane, Kimche and Ghorbanifar. According to participants, Mr. McFarlane began the meeting by saying he was present on behalf of his government to open a political dialogue with Iranian leaders.

Mr. Ghorbanifar replied that Iranian officials needed signals of U.S. sincerity before they could accept the American initiative, the participants said. But they added that the Iranian never specified what those signals might be, never solicited American arms or spare parts, and never suggested a deal for the hostages in Lebanon.

The participants said Mr. McFarlane "firmly, unequivocally" rejected any deals with the Iranians for the hostages and the meeting broke up with the Iranian agreeing to convey the U.S. interest in opening a "strategic dialogue" to top leaders in Tehran.

Upon his return, Mr. McFarlane recommended that the administration try to do business only with Iranian officials, rather than with intermediaries such as Mr. Ghorbanifar. But Iran sent word that the U.S. should press on through Mr. Ghorbanifar and meetings between U.S. and Iranian officials continued.

Meeting in Tehran

One hostage had been released in September 1985, shortly after the U.S. began trying to improve relations with Iran. Then after a period of no progress, the ice appeared to begin breaking last April. Mr. Poindexter, who succeeded Mr. McFarlane as the president's national security adviser, told Mr. McFarlane that the administration had reached an agreement with Iran to open a political dialogue that in time could lead to freedom for all the remaining hostages in Lebanon. The national security adviser asked his predecessor if he would fly to Iran to initiate the dialogue.

The Iranians recommended that Mr. McFarlane come aboard a plane scheduled to deliver a load of spare parts for the Iranian military from a third country. "It was their suggestion that we pose as arms dealers," one source insists.

Meeting in a Tehran hotel, Mr. McFarlane, according to sources who were present, warned his hosts Iran was vulnerable to Soviet pressure, and suggested that Washington could serve as a mediator to help end the Iran-Iraq war. He also, according to the sources, stressed that the Soviets were stepping up their attacks on the Iranians' brother Moslems in Afghanistan.

The Iranians replied that the U.S. owed a debt to Iran, according to sources who were present. The Iranians cited U.S. arms purchased by the late Shah but never delivered following his overthrow and $500 million in Iranian assets frozen in the U.S., the sources said. Mr. McFarlane said that there could be no movement on such issues unless Iran freed the hostages in Lebanon.

The mission collapsed when the Iranians kept the military equipment aboard the Boeing 707 jet and declared that getting their allies in Lebanon to free the hostages was "very difficult."

Nevertheless, the administration has pressed on. Even after Iran disclosed the May trip last week, U.S. and Iranian officials were continuing negotiations in Europe about improved relations.

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